

January 15, 1976

SENATOR BURBACH: With my amendment, there will be absolutely no double taxation, sir.

SENATOR MILLS: And then the individual will not be paying the tax on that that is withheld even though if your amendment fails, he would be paying that in 382 if it is passed.

SENATOR BURBACH: Correct.

SENATOR MILLS: That is kind of tough to understand. I just asked the question, is there a double tax. There is no double tax. Senator Burbach has said. I have received calls from constituents yesterday and the day before saying do not support the Burbach amendment. I didn't even know what it was. It wasn't printed in the Journal yet, but I will have to commend you, Senator Burbach, your name travels fast across the state of Nebraska. What about the person, Senator Burbach, who is doing business with the cooperative who is not a member? Can you answer a question, and here he comes up and he does the same \$1,000 worth of business. How is he taxed?

SENATOR BURBACH: Senator Mills, in this instance, he can, by his patronage refund, which he is entitled to, he cannot draw anything until he is a member by owning a certificate of stock. That certificate of stock can be \$10, \$25, or \$50. Whatever the bylaws of that co-op call for. Now then, he can accumulate until he has sufficient amount of money there to purchase that stock and then he is a member because of his purchases, not necessarily because he went in and wrote a check for his stock. He could do that, also, in most all co-ops.

SENATOR MILLS: Okay, that answers that. Now I have a question that I think is really important. How about co-ops to co-ops? We have a bank of cooperatives here in Nebraska. How about cooperatives to cooperatives, how will that affect them? That is an important thing.

SENATOR BURBACH: That is very important. I am glad you brought it up. I don't believe I elaborated on that. They are treated just exactly like a local co-op. A local co-op, for example, would get \$10,000 worth of dividend or patronage refund from the parent one, whether it is in Kansas City, Sioux Falls or Chicago, wherever. This is treated exactly the same. If it is retained, the local corporation pays it. If it is paid out, all of it or a portion of it, the individual will pay on what he receives from it. There is no double taxation in that instance, again.

SENATOR MILLS: In other words, if there was a bank for cooperatives and they, the co-op out here did so much business and they issued a, I don't know how they do this, a dividend to the co-op for interest on money they had made, but they deferred again the same \$50 that you alluded to earlier, that cooperative in the state would not have to pay on the deferred that is being deferred from the other cooperative, is that correct?